

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM-65417

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator
Yates Petroleum Corporation

3a. Address
105 S. Fourth St.
Artesia, NM 88210

3b. Phone No. (include area code)
575-748-4120

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
530' FNL & 200' FEL, Section 11, T22S-R31E SHL
500' FEL & 1650' FWL, Section 11, T22S-R31E BHL

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
Martha AIK Federal #12H

9. API Well No.
30-015-39808

10. Field and Pool or Exploratory Area
Undesignated/Brushy Canyon *Livingston Ridge: Delaware*

11. Country or Parish, State
Eddy County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input checked="" type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation would like to request we change the depth of the Martha AIK Federal #12H from 7040' TVD and 10440' TD in the Livingston Ridge, to 8285' TVD and 11680' TD in the Brushy Canyon. Please also note the change in the production casing from HCP-110 to P-110. Attached is the revised drilling plan and horizontal drilling plan.

Accepted for record
NMOCD

*TCG
12/13/2012*

RECEIVED
DEC 12 2012
NMOCD ARTESIA

*of 110911
approved w/APD coord
8/29/2012 PHL*

original copy still stands

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Travis Hahn

Title Land Regulatory Agent

Signature *Travis Hahn*

Date 08/17/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

APPROVED
8/29/2012
Denndon Mason
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

YATES PETROLEUM CORPORATION

Martha AIK Federal #12H
 530' FNL & 200' FEL, Surface Hole
 500' FNL & 1650' FWL, Bottom Hole
 Section 11 -T22S-R31E
 Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

Rustler	650'	Livingston Ridge	6980' Oil
Top of Salt	970'	Brushy Canyon	7150' Oil
Base of Salt	3980'	Brushy Canyon Marker	8040' Oil MD
Bell Canyon	4500'	Brushy Canyon Target	8553' Oil MD
Cherry Canyon	5320' Oil	TD	11505' Oil MD

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: Approx. 0' - 650'
 Oil or Gas: Oil Zones: 5320', 7071', 7313'

3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed on the 13.375" casing and a 5000 PSI BOPE on the 9 5/8" casing. Pressure tests to 3000 PSI and 5000 PSI respectfully then held for 30 minutes will be conducted before drilling out from under all casing strings, which are set and cemented in place. Blowout Preventer controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report.

4. Auxiliary Equipment:

A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

1. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	J-55/H40(hybrid)	ST&C	0-700 ⁷²⁰	700 ⁷²⁰
12 1/4"	9 5/8"	40#	J-55	LT&C	0-100'	100'
12 1/4"	9 5/8"	36#	K-55	LT&C	100-3300'	3200'
12 1/4"	9 5/8"	40#	J-55	LT&C	3300-4350'	1050 ⁹⁵⁰
8 3/4"	5 1/2"	17#	P-110	LT&C	0-7800'	7800'
8 1/2"	5 1/2"	17#	L-80	Buttress Thread	7800'-11505'	3705'

Minimum Casing Design Factors: Burst 1.0, Tensile 1.8, Collapse 1.125

B. CEMENTING PROGRAM:

Surface Casing: Lead with 350 sacks of Class C Lite + 2% CaCl₂ (YLD 2.00 WT.12.50). Tail with 210 sacks Class C + 2% CaCl₂ (WT 14.80, YLD 1.34). Casing designed with 100% excess. TOC-Surface

Intermediate Casing: Lead with 1225 sacks of Class C Lite + 2% CaCl₂ (YLD 2.00 WT 12.50). Tail with 210 sacks Class C + 2% CaCl₂ (YLD 1.34 WT. 14.80). Casing designed with 100% excess. TOC-Surface

Production Casing: Cement to be done in ³ ~~two~~ stages, DV tool at ~~6000'~~ **6500' & 4450' per TH**

Stage 1 from 6500'-11505': Cement lead with 340 sacks of Class PozC 35:65:6 (WT 12.50 YLD 2.00); and tail in with 725 sacks of Pecos Valley Lite (YLD 1.41 WT. 13.00), 30%CaCO₃, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Casing is designed with 35% excess. TOC-6500'

Stage 2 from 4450'-6500'; Lead with 215 sacks of Class PozC 35:65:6 (YLD 2.00 WT 12.50). Tail with 200 sacks of (WT 14.80, YLD 1.34) of Pecos Valley Lite (YLD 1.41 WT. 13.00), 30%CaCO₃, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Casing is designed with 35% excess. TOC-4450'

Stage 3 from 0'-4450': Lead with 625 sacks of Class PozC 35:65:6 (YLD 2.0 WT 12.5). Tail with 200 sacks of Class C + 2% CaCl₂ (YLD 1.34 WT 14.8). Casing is designed with 35% excess and TOC - 0'.

Well will be drilled vertically depth to 7803'. Well will be kicked off at approximately 7803' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 8553' MD (8280' TVD). Hole will then be reduced to 8 1/2" and drilled to 11505' MD (8280' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 530' FNL & 677' FEL, Section 11-22S-31E. Deepest TVD is 8280' in the lateral. NO PILOT HOLE.

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-700' 720	Fresh Water Gel	8.6-9.2	32-34	N/C
720 700'-4350'	Brine Water	10.0-10.10	28-28	N/C
4350'-6563'	Cut Brine	8.7-9.1	28-28	N/C
6563'-10265'	Cut Brine(Lateral Section)	8.7-9.1	28-28	<10-12

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

- Samples: 10' Samples from Intermediate casing.
- Logging: Platform Express through curve.
- CNL/LDT/NGT - through curve to Intermediate casing
- CNL/GR - through curve to surface
- DLL-MSFL - through curve to surface casing
- GHC Sonic-CMR - through curve to surface casing
- MWD-GR - Horizontal

B. CEMENTING PROGRAM:

Surface Casing: Lead with 350 sacks of Class C Lite + 2% CaCl₂ (YLD 2.00 WT.12.50). Tail with 210 sacks Class C + 2% CaCl₂ (WT 14.80, YLD 1.34). Casing designed with 100% excess. TOC-Surface

Intermediate Casing: Lead with 1225 sacks of Class C Lite + 2% CaCl₂ (YLD 2.00 WT 12.50). Tail with 210 sacks Class C + 2% CaCl₂ (YLD 1.34 WT. 14.80). Casing designed with 100% excess. TOC-Surface

Production Casing: Cement to be done in two stages, DV tool at 6000'

Stage 1 from 6000'-11505': Cement lead with 425 sacks of Class PozC 35:65:6 (WT 12.50 YLD 2.00); and tail in with 725 sacks of Pecos Valley Lite (YLD 1.41 WT. 13.00), 30%CaCO₃, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Casing is designed with 35% excess. TOC-7400'

Stage 2 from 3850'-6000'; Lead with 230 sacks of Class PozC 35:65:6 (YLD 2.00 WT 12.50). Tail with 200 sacks of Class C + 2% CaCl₂ (WT 14.80, YLD 1.34). Casing is designed with 35% excess. TOC-3850'

Well will be drilled vertically depth to 6563'. Well will be kicked off at approximately 6563' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 7400' MD (7040' TVD). Hole will then be reduced to 8 1/2" and drilled to 10265' MD (7040' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 530' FNL & 677' FEL, Section 11-22S-31E. Deepest TVD is 7040' in the lateral. NO PILOT HOLE.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-700'	Fresh Water Gel	8.6-9.2	32-34	N/C
700'-4350'	Brine Water	10.0-10.10	28-28	N/C
4350'-6563'	Cut Brine	8.7-9.1	28-28	N/C
6563'-10265'	Cut Brine(Lateral Section)	8.7-9.1	28-28	<10-12

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

- Samples: 10' Samples from Intermediate casing.
- Logging: Platform Express through curve.
- CNL/LDT/NGT – through curve to Intermediate casing
- CNL/GR – through curve to surface
- DLL-MSFL – through curve to surface casing
- GHC Sonic-CMR – through curve to surface casing
- MWD-GR – Horizontal

Coring: TBD.
DST's: TBD.
Mudlogger: TBD.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	TO: 700'	Anticipated Max. BHP:	385	PSI
From: 700'	TO: 4350'	Anticipated Max. BHP:	2285	PSI
From: 4350	TO: 7040'	Anticipated Max. BHP	3330	PSI

No abnormal pressures or temperatures are anticipated.
Possible water flow below 2800'
H2S may be encountered on this well.

7. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 65 days to drill the well with completion taking another 30 days.

Survey/Planning Report										
Operator	Yates Petroleum Corp.			Northing				Date	14-Jun-12	
Dir. Co.	Yates Petroleum Corp.			Easting				System	2 - St. Plane	
Well Name	Martha AIK Fed12H Survey			Elevation				Datum	1983 - NAD83	
Location	Sec. 11, 22S-31E			Latitude				Zone	4302 - Utah Central	
Rig				Longitude				Scale Fac.		
Job				Units	Feet			Converg.		
MD	INC	AZI	TVD	NS	EW	VS@270.07	BR	TR	DLS	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
650.00	0.00	360.00	650.00	0.00	0.00	0.00	0.00	0.00	0.00	
650: RUSTLER, 360'										
970.00	0.00	360.00	970.00	0.00	0.00	0.00	0.00	0.00	0.00	
970: TOS, 970'										
3980.00	0.00	360.00	3980.00	0.00	0.00	0.00	0.00	0.00	0.00	
3980: BOS, 3980'										
4500.00	0.00	360.00	4500.00	0.00	0.00	0.00	0.00	0.00	0.00	
4500: BELL CANYON, 4500'										
5320.00	0.00	360.00	5320.00	0.00	0.00	0.00	0.00	0.00	0.00	
5320: CHERRY CANYON, 5320'										
6980.00	0.00	360.00	6980.00	0.01	0.00	0.00	0.00	0.00	0.00	
6980: LIVINGTON RIDGE, 6980'										
7150.00	0.00	360.00	7150.00	0.01	0.00	0.00	0.00	0.00	0.00	
7150: BRUSHY CANYON, 7150'										
7802.54	0.00	270.07	7802.54	0.01	0.00	0.00	0.00	-1.15	0.00	
7802.54: KOP, 7803'										
7900.00	11.70	270.07	7899.32	0.02	-9.91	9.91	12.00	0.00	12.00	
8000.00	23.70	270.07	7994.42	0.06	-40.25	40.25	12.00	0.00	12.00	
8039.63	28.45	270.07	8030.00	0.08	-57.67	57.67	12.00	0.00	12.00	
8039.63: BRUSHY CANYON MKR, 8040' MD (8030' TVD)										
8100.00	35.70	270.07	8081.13	0.12	-89.70	89.70	12.00	0.00	12.00	
8200.00	47.70	270.07	8155.66	0.20	-156.10	156.10	12.00	0.00	12.00	
8300.00	59.70	270.07	8214.76	0.30	-236.54	236.54	12.00	0.00	12.00	
8400.00	71.70	270.07	8255.84	0.41	-327.51	327.51	12.00	0.00	12.00	
8500.00	83.70	270.07	8277.12	0.53	-425.03	425.03	12.00	0.00	12.00	
8552.53	90.00	270.07	8280.00	0.60	-477.46	477.46	12.00	0.00	12.00	
8552.53: TARGET BRUSHY CANYON, 8553' MD (8280' TVD)										
11505.07	90.00	270.07	8280.01	4.26	-3430.00	3430.00	0.00	0.00	0.00	
11505.07: LATERAL TD, 11505' MD (8280' TVD)										

